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℞ Feds, NACDS create recall warning plan–p. 13

MERCHANDISER
Drug stores tread softly on Olympic turf—p. 41

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DRUG STORE NEWS

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Duane Reade, on fast track, to go public

Goal: $200M annual sales in 3 years

By Elizabeth Parks

NEW YORK—Duane Reade, the nation's most successful "off-price" discount drug chain, is about to go public.

After 25 years of operating what most industry sources consider one of the most profitable chains in the nation, the Cohen family, which founded Duane Reade, is taking it public.

The 21-unit chain is in the prospectus stage right now and should be a public company by March.

In preparation for the transition, Eli Cohen, one of the founding brothers, has just been named president and ceo, while Abraham Cohen, another founding brother, has moved into the role of chairman.

Fully stocked shelves and fast turnover mark Duane Reade's 21 stores in Manhattan. The chain, which is about to go public, has per-store sales of more than $5 million.

At presstime, other promotions and staff changes were in the process of being implemented, and a second generation of Cohens, Abe's sons, David A., 29, and Joseph, 24, and Eli's sons, David E., 27, and Leon, 25, were being groomed for additional responsibilities. New responsibilities were also being planned for Jack Cohen, vp of planning and construction, who is also one of the chain's founders.

Most of the younger Cohens have been in the business since childhood, and the Cohen family has reached the point where they feel it is now time to expand the business so there will be more opportunities for the young.

"Our sons have all been very much involved in the company," says Eli Cohen. "We feel that with the new generation coming of age that this is something that will be good for them and good for the company."

Last year, the Cohens opened one new store in Manhattan. Now with the transition to a public company only weeks away, an ambitious expansion plan is in the offing.

One new store will open in Manhattan this month, at 38th Street and Fifth Avenue, and three more have been planned for the second quarter.

The Cohens, who don't use units to describe the size of their company—preferring instead dollars—say they plan to be a $200 million a year chain within three years. Sales for 1983 topped $100 million.

Continued on page 58

To roll out scanners

Rite Aid to eliminate price marking

NEW YORK—Rite Aid is about to become the first drug chain to use scanners to eliminate individual item pricing in its stores.

The Shiremanstown, Pa.-based company, which is the industry's ninth largest drug chain in terms of dollar sales, has been testing a computerized scanning system since October in three stores, in Philadelphia and Harrisburg, Pa., and upstate New York.

Chairman Alex Grass says the chain is only months away from perfecting its system and plans to begin rolling it out chainwide by midyear.

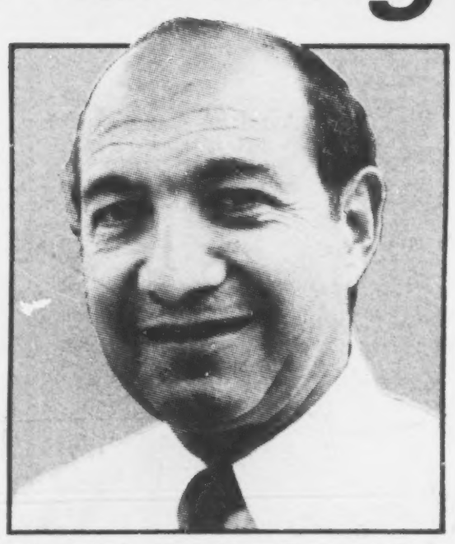
"Our biggest savings will come from labor costs," says Grass. "We're going to follow the lead of the supermarkets and eliminate individual item prices."

Rite Aid plans to eliminate item pricing in at least one of the its three test stores this March. Duane Ruble, senior vp of administration, says that item pricing will gradually be phased out as the scanners are phased in.

"We don't anticipate any negative feedback from shoppers at all," said Ruble. "The supermarket chains have broken the ice. Most shoppers today are used to scanners and many are accustomed to shopping in stores that no longer individually price each item."

Ruble says that with the money saved by eliminating individual pricing, the new com-

Continued on page 57



Rite chairman Alex Grass: Our biggest savings will come from labor costs.

Walgreens launches 2 Home Med Centers

By Faye Brookman

DEERFIELD, Ill.—After three years of testing a single 6,000-sq.-ft. Home Medical Center in Chicago, Walgreens has moved ahead with the opening of two more units.

Walgreens selected two additional Chicago-area locations for its newest centers, which were opened in November and December. All three centers are in the 4,000- to 6,000-sq.-ft. range, and offer a variety of durable medical equipment and sickroom supplies backed up by a heavy commitment to professional service.

Like other chains that have diversified into the lucrative $2 billion to $2.5 billion home health care market, Walgreens views home health care as a natural extension of its main business—drug stores.

Continued on page 58

Pay 'n Save chooses Wash. sites for 2 Price Savers

SEATTLE—With its first Price Savers Wholesale Club set to open next month in Salt Lake City, Pay 'n Save has picked sites closer to home for its next two ventures into the hot new buying club trend that is sweeping the nation.

Pay 'n Save's newest 100,000-sq.-ft. stores, which operate on margins averaging 10½%, will be located in Seattle and Fife, Wash. In Seattle, the chain will be going up against Costco, a relatively new entry into high-volume discounting.

But Pay 'n Save and Costco will meet head-on before the Price Savers Wholesale Club in Seattle is completed.

Costco and Pay 'n Save are racing to be the first to complete a warehouse-style retail outlet in Salt Lake City.

Two units in a medium-size city probably saturate a market, so it is imperative that prospective operators of the stores stake out their territory quickly.

When Pay 'n Save announced it was opening its first unit in Salt Lake City, the retailer also announced it planned to open units in Seattle, Tacoma, Anchorage and Honolulu.

That kind of announcement was meant to forestall competitors who were looking for new sites. The originator of the concept, Price Club of California, has been expanding and similar operations also are growing.

When Pay 'n Save announced its units in Fife and Seattle, diversified retailer also indicated it still plans to open in Honolulu and Anchorage.

But claiming an area may not be enough. Operators of this type of store know that they will open units only in some of the sites they announce. Announcing expansion plans in several cities is meant to kept the opposition guessing.

Continued on page 58

Late News

CALIFORNIA'S Department of Health Services has postponed "indefinitely" the controversial Prudent Purchase of Drugs (PPOD) program, which had been set to go into effect Jan. 1. The state agency said it wanted to study the program further, mentioning the possibility of a pilot program initially. The postponement came as two groups had filed lawsuits to halt PPOD. (See earlier story, page 13.)

FIRST QUARTER EARNINGS AT Walgreen Co. rocketed 30.5% from $9.6 million last year to $12.5 million, or 41¢ per share vs. 31¢. Sales for the same period rose 16.4% to $613 million. Drug store division sales were up 16.8% for the quarter.

Index

Classified 56
Cosmetically speaking 48
Financial 6, 11
Merchandise news 54
Pharmacy product update 37

CONTINUING EDUCATION PROGRAM

Calcium channel blockers—pp. 15-23, and drug treatment of hypertension—pp. 27-34.

Executives: Economic upturn to spur drug store construction

NEW YORK—Drug chain real estate executives believe that the improved economic climate will help foster an increase in new store construction this year.

While virtually no one expects shopping mall and strip center development to approach the levels of the 1970's when nearly 1,000 centers a year were being constructed, most real estate execs from leading drug chains reported an increase in the number of developers returning to the market. According to a recent survey conducted by the Real Estate Research Corp., approximately 300 centers will be constructed this year.

Developers have been attracted back into the market in part by the stabilization of interest rates and construction costs. In addition, sources point out that the amount of unoccupied retail space in shopping centers, which has been a problem for builders during the past four years, has been gradually reduced.

"There's more action than there's been in the last couple of years," said John Carlisle, vp, properties management at Hook Drugs in Indianapolis. "The economy has loosened up so that they are developing more center sites."

Carlisle said that Hook is planning to open 22 new drug stores and 5 convalescent aids stores in 1984. Last year the chain opened 20 drug stores and two convalescent aids stores.

"We're going through with our regular expansion program," Carlisle continued. "We're not slowing down. There's just more of a selection of store sites to choose from."

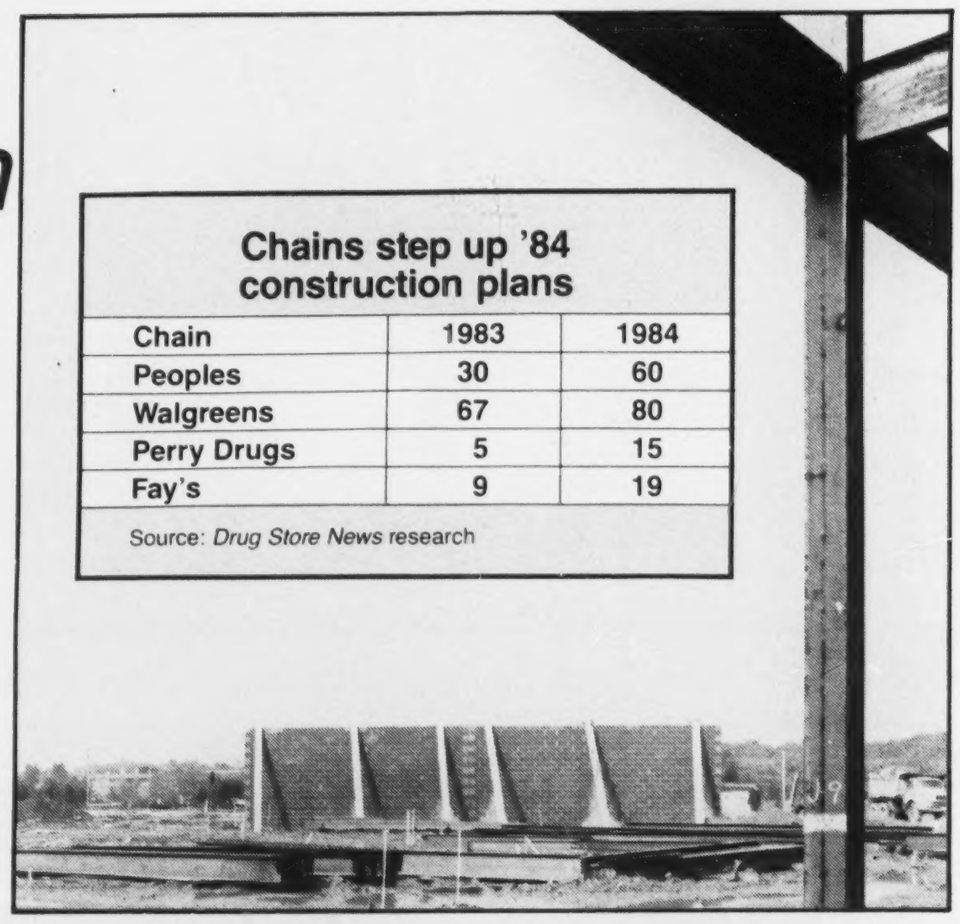
At Big B in Birmingham, Ala., Arthur Jones, vp of fi-

Continued on page 57

Chains step up '84 construction plans

Chain	1983	1984
Peoples	30	60
Walgreens	67	80
Perry Drugs	5	15
Fay's	9	19

Source: *Drug Store News* research



News in brief

Execs to speak at conference

DALLAS—Three top chain drug executives will discuss merchandising strategies for the home health care market as part of the NACDS Small Chain Conference here Jan. 22-25. The execs are J. Douglas Reeves, chairman and president of Hook Drug, Robert J. Begley, chairman and president of Begley Drug and James I. Harrison Jr., president of Harco Drug. Other conference highlights include a study of the Dallas retail drug market presented by Howard L. Green, president of a consulting company that bears his name and a presentation on controlling vendor theft by Jack Henry of Security Training Programs.

Rite Aid promotes Martin Grass

NEW YORK—Martin Grass, vp real estate of Rite Aid, has been promoted to senior vp. Alex Grass, Martin's father, announced the appointment before the New York Retail Analysts society. At the same meeting, Grass also announced that the chain's board of directors has also agreed to a dividend increase and a stock split.

The split is Rite Aid's third in three years and the fifth since the company first went public in 1968. An original share purchased in 1968 would be equal to 24 shares today. The dividend increased 28% to 20.5¢ per quarter.

APhA names interim president

WASHINGTON—The American Pharmaceutical Association Board of Trustees has elected Maurice Q. Bectel as interim president, succeeding Dr. William S. Apple, who died last month at the age of 65. Bectel, a practicing pharmacist in Muskegon, Mich., has resigned his position as chairman of the APhA Board of Trustees to which he was recently re-elected. Bectel said he would be serving "temporarily" as interim president and would "definitely not be a candidate for president."

Malone & Hyde tests Ike's

MEMPHIS—Malone & Hyde has firmed up plans for the first of its deep-discount variety stores, "Ike's," which will open Feb. 1 in a former supermarket in the Eastgate Shopping Center.

Although there will be no pharmacy, the 33,000-sq.-ft. unit will be operated along the lines of deep-discount drug stores. Sixty per cent of Ike's product mix will be H&BA and general merchandise such as light bulbs, toys, pet foods, plastics and greeting cards. Snack foods, soft drinks and household products will occupy the rest of the store.

Tom Hanneman, senior vp and former head of the Super D drug chain, said Ike's pricing is designed to be 20% to 50% lower than conventional pricing.

"We will stock only highly consumable name brand products with fast turnover. Our massive, high-volume buying of only manufacturers' deals will enable us to maintain the lowest possible expenses and pass the resulting savings to the consumers," he said.

This store will be the testing ground for Malone & Hyde's concept, which Hanneman dubbed the "store of the future." Two more are slated for Memphis.

Batts to take Eckerd Apparel helm

CLEARWATER, Fla.—Burton C. Perfit, senior vp-group executive of the Jack Eckerd Corp., announced the appointment of Ronald N. Batts as president of Eckerd's Apparel, the 10-state Southeastern chain of 100 casual wear stores based in Charlotte, N.C. Batts had been special assistant to the president of the Bon Marche Department Store in Seattle, a unit of Allied Stores. Before that he was president of Peoples Department Stores, Tacoma, Wash.

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Vol. 6, No. 2 January 23, 1984

Pathmark's Super Centers swell in size and number

NEW YORK—Supermarkets General Corp. will open eight new Pathmark Super Centers and eight new freestanding Pathmark Drug Stores—including one that will likely operate on a low-margin format—during fiscal year 1984, president and ceo Leonard Lieberman has announced.

Lieberman told a group of analysts at a meeting of the New York Society of Security Analysts last month that Supermarkets General sees "continued and substantial opportunities in the drug store sector . . . more freestanding drug stores and other drug store formats as well."

Later in the meeting, departing from a prepared text, Lieberman said that Pathmark was "particularly interested" in looking at the deep-discount format both "offensively and defensively."

"The deep-discount store is a fascinating format that may turn out to be for drug stores what the super centers were to the traditional supermarket entry," Leiberman said.

While not revealing the locations of the new freestanding drug stores, Lieberman said that they would probably be opened "within Pathmark's advertising umbrella."

Supermarkets General Corp. is no stranger to the low-margin format. Its chain of Pathmark supermarkets has faced challenges from food warehouse stores in New Jersey, Connecticut and for a while on Long Island. In addition, Rock Bottom, a chain of deep-discount drug stores based on Long Island, also has posed a challenge to Pathmark's H&BA and prescription pricing strategies.

In the past, however, Pathmark's response to deep-discount drug stores has been to lower prices in stores that are in direct competition.

Lieberman also announced

Continued on page 58

Food stores gain in H&BA share

NEW YORK—Food stores and mass merchandisers both gained market share at the expense of drug stores in 25 leading health and beauty aid categories in September-October 1983 compared to the same year-earlier period, according to A. C. Nielsen.

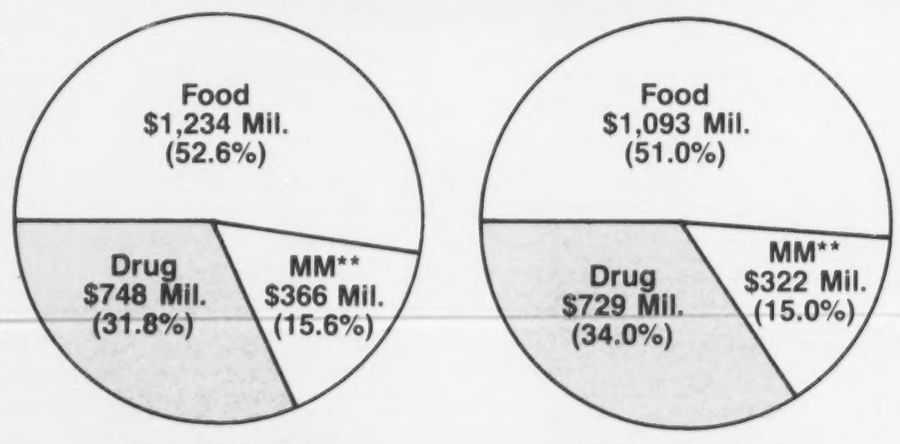
Drug Stores' share of the 25 H&BA categories fell by 2.2 percentage points during the period, while food stores gained 1.6 share points and mass merchandisers 0.6 of a point.

The loss in market share came as the drug store dollar total for the 25 categories increased to $747.6 million in September-October, a 3% gain over the same year-earlier period.

In comparison, food stores showed a 13% year-to-year sales increase to $1.2 billion for the two-month period, while mass merchandisers sales advanced 14% to $366.2 million.

Continued on page 58

Drug store market share drops for 25 leading H&BA categories*



*Men's hair preps, razor blades, aerosol shave creams, after shave lotion and cologne, dentifrices, oral antiseptics, multiple vitamins, cold tabs, sinus headache remedies, topical antiseptics, headache remedies, stomach remedies, disposable diapers, food remedies, shampoos, deodorants, feminine deodorants, sanitary protection, hand lotions, face creams, hair coloring, hair fixatives, home perms, after shampoo products, bath additives.

**Mass merchandisers

Source: A. C. Nielsen Co.

Walgreens debuts Perfection line cosmetics

DEERFIELD, Ill.—Backed by the success of its imported Perfection personal care appliance line, Walgreens is dipping into other areas, including cosmetics accessories.

This past Christmas, the chain turned to the Orient to produce a quality line of cosmetics kits that could be promoted as a Christmas gift idea. The result was a series of four items attractively packaged in navy enamel with Oriental flowers. Price points ranged up to $7. Sell-through was reportedly brisk and stores were left with only a few pieces after the holiday rush.

Since 1982, Walgreens has carried its Perfection brand, which now consists of nine hair care appliances plus cosmetics brush applicators. The most recent test of makeup cases, packed under a Pretty Face logo with a Perfection tag line, hints that the chain may move further into private label cosmetics.

The Perfection hair care line, produced in Hong Kong, has been steadily improving thanks to Walgreens emphasis on quality control. In the chain's recently released annual report, vp marketing Vern Brunner reported that sales "are particularly strong for the Perfection personal care appliances."

Overall, Walgreens store brands are enjoying healthy sales increases. In fact, during 1983, house brand volume rose 19%, according to the annual report.

Walgreens and Eckerd have been the two chains most aggressive in extending private label into appliances and accessories. However, other chains including Peoples have expressed interest in providing an alternatively priced brand that would net the chain a hefty gross margin at the same time. Personal care, because the business is now mostly in replacement items, was a natural start.

Sources at other drug chains add that cosmetics accessories and novelties were a natural move. "These items fly out of the stores at Christmas," one buyer says.

FINANCIAL

Revco sales and profits continue upward spiral

TWINSBURG, Ohio—With Revco's same store sales increasing at a double-digit rate for the seventh consecutive quarter, net income increased 26% to $15.9 million for the quarter ended Nov. 12.

Net income for the second quarter last year was $12.7 million.

Sales for the quarter ended Nov. 12 were $453 million, up 15.7% from $392 million for the comparable quarter last year.

Earnings per share for the quarter were 49¢, up from 41¢.

For the two quarters ended Nov. 12, net income was $31.4 million, up 27.4% from $24.6 million for the comparable period last year. Sales for the first two quarters were $889 million, up 15.4% from $771 million.

Earnings per share for the first half of the fiscal year were 97¢, up from 80¢.

In the second quarter, stores which have been open at least one year produced sales that were 12.1% better than they did in the second quarter last year.

In the first quarter of fiscal 1984, same store sales were up 11.6%. For fiscal 1983 same store sales were 12.3% better than in fiscal 1982.

During the seven quarters that Revco produced double digit same store sales increases, earnings increases exceeded sales gains.

Sidney Dworkin, chairman, attributed the trends to the recession resistant nature of Revco's drug store business, effective expense controls and steady improvement in the results of the former Skillern drug stores and Revco's manufacturing subsidiaries.

"Sales of these [former Skillern] stores exceeded the chainwide like-store average during the second quarter, and we are progressing toward a level of profitability comparable to the Revco chain as a whole," Dworkin said.

During the first two quarters, Revco added 63 stores chainwide, up from 26 for the comparable period last year. Between 110 and 120 stores are expected to be opened during fiscal 1984.

At the end of the second quarter, there were 1,720 stores in 28 states.

In the second quarter, Revco opened its first deep discount store, the "Get It For Less" unit in Memphis. Dworkin said one or two more may be opened before the end of the fiscal year in cities where Revco does not operate drug stores. The test will determine if this type of retailing "represents a viable form of diversification for Revco," Dworkin said.

Rite Aid splits stock

SHIREMANSTOWN, Pa.—Rite Aid has announced a 2-for-1 stock split payable Jan. 30 to stockholders of record at the end of Jan. 16.

The dividend was increased on the old share basis from 16¢ to 20½¢.

Bergen Brunswig profits up

LOS ANGELES—Bergen Brunswig reported record earnings and sales for the first quarter, as profits increased 22% from the comparable quarter last year and sales gained 17%.

For the quarter ended Nov. 30, net income was $5.2 million, or 41¢ a share, up from $4.2 million, or 36¢ a share. Sales were $406 million, up from $348 million.

Emil P. Martini Jr., chairman and ceo, siad, "We believe we are in excellent position to achieve our operating goals for the full fiscal year."

At the wholesaler's annual meeting Dec. 14 in New York, shareholders elected Charles J. Lee, a senior vp at Natomas Co., as a Class A director. The following were elected Class B directors: Emil P. Martini Jr., chairman and ceo at Bergen Brunswig; Robert E. Martini, Bergen Brunswig president; John Calasibetta, senior vp at Bergen Brunswig.

Rite Aid up 13% as most chain stocks advance

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		12/6/83—12/30/83							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin							Last Fiscal Year (Per Share)		
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio	Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct.				Amt.	Yield		Revenue	Earnings				
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Chain Store transactions																											
Adams Drug	ADG	20.88	16.50	16.63	-4.00	-19.39	24.88	8.38	-.56	-4.27	3.63	26.73	1.12	.39 N	42.8	17.0	1.6	12.8	.04	.2	12-09-83	286.2	4.6	2.8	8.00	9.74	1282
Am Stores	ASC	40.25	38.25	39.63	.63	1.60	44.00	19.22	-.19	-.62	-.88	-38.38	2.69	.87 N	35.2	44.0	1.2	11.9	.48	1.2	12-09-83	7507.8	90.4	1.4	11.95	12.14	0183
Begley Drug	BGLY	17.00	16.50	16.50	-.50	-2.94	24.00	9.50	-.37	-1.12	2.87	-57.55	1.47	1.27 S	NC	-12.0	1.4	13.0	.68	4.1	10-14-83	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	13.13	12.88	13.00	.13	.97	14.50	6.44	.19	-.45	1.64	22.44	.39	.12 N	34.2	25.0	2.9	27.7	.00	.0	09-21-83	87.4	2.5	2.5	.21	3.36	1282
Dart Drug Corp	DRUGA	63.00	60.00	63.00	2.00	3.28	148.00	29.75	.14	.23	2.30	22.09	5.43	6.32 N	207.2	67.0	3.1	6.7	.13	.2	12-06-83	291.8	9.1	2.0	12.01	28.91	0183
Eckerd, Jack	ECK	28.75	26.50	27.75	1.13	4.23	34.88	23.00	-.17	.66	-1.00	-17.46	1.91	.16 Q	8.8	4.0	3.1	14.2	.96	3.5	11-03-83	2325.0	71.7	2.0	.30	15.17	0783
Fay's Drug	FAY	13.88	13.13	13.25	-.13	-.93	14.50	5.69	.04	-.44	-4.71	18.13	.48	.13 N	31.7	32.0	2.0	24.5	.14	1.1	12-23-83	270.3	5.5	2.0	2.17	2.23	0183
Genovese Drug	GDX	18.25	17.38	17.38	-.75	-4.14	20.50	5.63	-.11	-1.24	-6.42	16.25	.67	.26 N	45.6	32.0	1.6	20.9	.20	1.2	12-28-83	158.7	2.6	1.7	1.90	4.95	0183
Hook Drugs	HOOK	29.50	28.50	29.25	.75	2.63	29.75	15.34	.52	-.24	-2.12	14.21	1.52	.73 N	55.7	10.0	2.3	14.3	1.00	3.4	01-09-84	285.2	6.6	1.7	2.86	9.37	1282
Longs Drg Strs	LDG	49.00	46.50	48.63	2.38	5.14	50.13	33.75	.39	.38	-2.45	34.23	2.92	.46 N	16.3	10.0	2.8	14.8	1.12	2.3	11-22-83	1123.2	30.9	1.8	.00	18.76	0183
Pay N Save	PAYN	25.88	23.88	25.88	.75	2.99	28.75	15.44	-.14	.87	-3.33	1.16	1.52	.89 N	69.5	4.0	1.6	11.9	.56	2.2	11-17-83	1043.2	16.8	2.3	17.01	14.32	0183
Pay Less NW	PAY	18.25	17.63	18.13	.63	3.57	20.19	12.25	.01	.09	-3.66	63.85	1.07	.21 N	21.2	.0	2.5	15.1	.27	1.5	03-19-84	784.7	19.4	2.0	5.26	6.07	0183
Peoples Drug	PDG	26.00	24.13	25.50	1.50	6.25	31.75	16.50	-.04	-.11	4.20	-8.26	1.79	.40 F	28.7	23.0	1.7	14.2	.28	1.1	11-18-83	791.1	13.7	1.8	4.92	11.56	0983
Perry Drug	PDS	18.38	16.00	16.13	-2.38	-12.84	22.38	8.50	-.18	-3.39	-2.00	32.88	1.02	.29 F	39.7	7.0	1.6	15.8	.24	1.5	12-21-83	285.5	4.5	1.9	6.04	6.50	1082
Revco Drug	RDS	35.00	34.00	34.63	1.00	2.97	36.25	25.09	.19	-.04	-.72	.13	2.13	.53 S	29.9	24.0	3.7	15.1	.68	2.0	11-18-83	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	45.00	39.25	44.50	5.00	12.66	46.88	28.19	-.18	1.41	1.33	30.07	2.37	1.23 N	85.4	26.0	3.9	16.7	.64	1.4	10-11-83	1294.7	49.9	1.7	1.17	12.38	0283
Thrifty Cp	TFD	20.13	17.25	17.50	-2.63	-13.04	25.25	8.63	.01	-2.42	-.81	22.33	1.13	.21 F	22.8	18.0	1.9	15.5	.46	2.6	11-03-83	1187.8	22.5	1.5	5.62	6.14	0882
Walgreen Co	WAG	39.13	37.75	38.25	.00	.00	40.38	26.00	-.03	-1.00	-4.19	-17.92	2.24	.41 F	22.4	35.0	2.9	17.1	.72	1.9	11-04-83	2360.6	69.0	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	25.50	23.63	24.00	-1.50	-5.88	39.50	23.63	-.43	-.98	2.32	-23.72	1.60	.24 Q	17.0	40.0	1.4	14.5	.32	1.3	10-26-83	1452.0	20.0	1.6	1.22	9.99	0683
McKesson Cp	MCK	40.38	37.88	39.88	.88	2.24	51.00	37.50	-.06	-.03	-2.34	-13.82	3.44	-.09 S	-2.5	5.0	1.6	11.5	2.40	6.0	11-25-83	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	24.00	22.50	24.00	.25	1.05	28.50	22.25	-.21	.48	2.60	51.54	.94	1.32 S	NC	99.0	.7	18.2	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	15.88	14.63	15.63	.63	4.17	17.81	10.09	-.33	-.65	-6.80	-63.30	.89	.49 S	106.5	112.0	.4	16.4	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	16.63	15.13	15.25	-1.00	-6.15	19.25	12.75	-.26	-.73	.50	4.25	.77	.18 N	16.3	5.0	.7	11.9	.32	2.1	12-09-83	211.4	1.5	2.8	10.55	9.76	1282
Spectro Indus	SPO	20.00	18.88	20.00	-.25	-1.23	28.75	16.50	-.13	.92	-2.99	28.42	1.35	.34 S	30.0	50.0	1.6	13.6	.14	.7	12-29-83	339.1	5.4	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	46.50	44.38	45.25	.63	1.40	53.38	36.13	.03	-.34	-3.04	-9.99	2.37	.44 N	19.4	26.0	11.1	16.8	1.00	2.2	01-09-84	2602.4	289.1	1.3	1.56	10.74	1282
Am Home Prod	AHP	50.38	49.00	49.63	.38	.76	54.25	41.75	-.21	-.28	-.35	-9.25	3.59	.39 N	11.1	16.0	12.2	12.8	2.40	4.8	11-03-83	4582.1	560.1	2.7	.00	11 83	1282
Baxter Travenol	BAX	23.25	22.13	23.25	1.25	5.68	31.31	20.00	-.23	.31	-3.49	11.43	1.22	.26 N	22.6	25.0	11.2	16.5	.28	1.2	11-18-83	1671.4	186.9	2.0	1.18	7.52	1282
Block Drugs Co	BLOCA	27.00	25.50	27.00	1.25	4.85	34.47	19.41	.10	1.01	-5.29	24.04	2.85	.40 S	15.3	14.0	9.7	9.0	1.00	3.7	11-25-83	219.0	21.3	2.5	2.35	17.84	0383
Bristol-Myers	BMY	43.75	41.63	42.25	.38	.90	47.88	31.19	-.11	-.19	-.21	5.50	2.59	.35 N	13.7	18.0	9.7	14.6	1.20	2.8	12-30-83	3599.9	348.7	2.3	.84	12.68	1282
Carter-Wallace	CAR	21.75	20.38	20.88	.50	2.45	29.00	17.75	.07	-.76	-.34	36.04	2.12	.50 S	28.4	38.0	5.7	9.2	.48	2.3	11-09-83	289.9	16.5	2.6	1.57	20.15	0383
Forest Labs	FRX	28.25	26.25	27.00	-.88	-3.14	40.75	18.13	-.39	-.67	3.68	-9.08	.48	-.08 S	-13.5	62.0	13.4	52.9	.00	.0	01-14-83	18.6	2.5	3.7	.37	3.03	0383
ICN Pharm	ICN	7.75	6.88	7.13	-.25	-3.39	15.25	6.63	-.78	-.43	1.75	36.54	.42	-.11 N	-27.5	38.0	7.8	24.6	.00	.0	00-00-00	38.7	3.0	1.8	.65	3.81	1182
Key Pharm	KPH	18.00	17.25	17.50	-.38	-2.10	25.94	13.59	-.06	-.05	-.56	-15.94	.34	.15 N	51.7	80.0	14.9	39.8	.13	.7	11-04-83	82.3	12.3	1.6	.03	1.14	1282
Lilly Eli Co	LLY	59.00	56.75	57.88	-.50	-.86	68.38	56.50	-.40	-.45	1.07	2.03	5.42	.62 N	11.8	13.0	13.9	9.9	2.90	5.0	02-08-84	2962.7	411.8	1.9	.65	27.10	1282
Lee Pharm	LPH	2.50	2.13	2.25	-.25	-10.00	4.38	2.00	-.75	-1.33	2.91	-5.78	-.49	.16 F	NE	-86.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	1.9	.46	1.98	0982
Marion Labs	MKC	39.25	37.25	38.75	.88	2.31	48.00	22.06	-.41	.13	2.30	20.14	.78	.33 Q	60.0	13.0	8.2	44.0	.40	1.0	12-14-83	181.2	14.8	2.5	.05	5.93	0683
Merck & Co	MRK	93.00	87.00	90.38	-.38	-.41	104.63	81.75	-.29	.12	2.48	-49.08	5.61	.51 N	9.2	9.0	13.6	15.0	3.00	3.3	11-29-83	3063.0	415.1	2.1	4.56	29.81	1282
Morton Thiokol	MTI	77.75	75.88	76.75	.75	.99	80.50	49.38	-.04	-.19	1.73	13.43	5.15	1.45 Q	35.8	16.0	5.2	14.0	1.76	2.3	11-23-83	1509.2	78.5	1.4	8.90	32.79	0683
Newport Ph	NWPH	6.88	6.00	6.25	-.88	-12.28	11.38	5.25	1.05	-1.90	.20	15.22	-.03	.00 S	NE	19.0	-3.4	NE	.00	.0	00-00-00	8.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	36.50	34.50	35.75	.13	.35	44.75	33.56	-.27	.28	.33	-8.49	2.13	.58 N	28.5	15.0	9.6	13.7	1.32	3.7	01-26-84	3453.6	332.8	2.0	3.37	12.82	1282
Reid Prov Labs	REID	4.00	3.50	3.50	-.50	-12.50	6.09	1.69	.72	-1.57	-1.82	-29.53	.10	.07 Q	116.6	72.0	6.1	26.9	.05	1.4	12-09-83	11.4	.7	3.1	.03	.80	0683
Robins, AH	RAH	22.75	21.00	22.13	.13	.57	29.38	16.00	-.28	.49	-6.41	-19.22	1.98	.51 N	27.4	19.0	10.1	9.3	.68	3.1	11-15-83	482.3	48.7	4.0	1.50	13.29	1282
Rorer Group	ROR	30.50	28.75	30.25	1.25	4.31	34.25	22.38	-.35	.29	-5.79	13.74	1.82	.15 N	8.3	12.0	9.0	15.6	1.08	3.6	11-03-83	402.4	36.3	2.1	1.13	9.54	1282
Scherer RP Co	SCHC	17.63	16.50	16.63	-1.25	-6.99	29.63	16.50	-.28	-1.67	.12	44.51	1.13	-.25 S	-23.5	4.0	5.2	20.5	.32	1.9	12-07-83	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	44.63	41.75	43.88	1.00	2.33	55.88	34.75	-.93	-.12	.34	9.26	2.77	-.13 N	-5.1	25.0	13.5	18.4	.52	1.2	10-31-83	1036.9	140.4	2.2	4.10	13.32	1282
Squibb Corp	SQB	47.00	44.75	45.63	.50	1.11	55.63	38.25	-.23	-.67	-.23	25.19	3.01	1.69 N	111.9	2.0	9.2	14.3	1.44	3.2	11-14-83	1660.8	153.6	2.3	6.54	21.29	1282
Sterling Drug	STY	27.50	26.63	27.13	.50	1.88	29.63	22.13	-.08	.02	-1.39	-12.55	2.17	-.01 N	-.4	9.0	7.3	12.4	1.12	4.1	11-09-83	1796.2	132.0	2.8	1.19	14.16	1282
Syntex Corp	SYN	54.88	52.75	53.25	-1.25	-2.29	62.50	44.13	-.21	-.09	-3.28	18.26	4.30	.51 Q	12.9	40.0	17.2	12.0	1.40	2.6	11-03-83	870.2	149.3	2.2	1.11	17.03	0782
Thompson Med	TM	20.00	17.25	17.50	-2.00	-10.26	26.00	9.50	-.39	-1.97	-1.98	15.54	1.16	.48 N	43.2	69.0	12.7	11.0	.40	2.3	12-23-83	91.0	11.6	4.5	.00	4.53	1182
Upjohn Co	UPJ	59.25	55.88	59.25	2.75	4.87	68.75	46.25	.11	.19	-3.09	3.65	4.18	.10 N	2.0	5.0	6.9	11.9	2.56	4.3	01-03-84	1828.7	126.0	2.0	15.26	32.19	1282
Warner-Lambrt	WLA	29.63	28.25	29.63	1.13	3.95	35.00	25.75	.10	.39	1.46	-1.14	2.05	.09 N	4.1	-3.0	5.0	13.0	1.48	5.0	10-31-83	3246.0	163.2	2.1	8.51	17.28	1282

KEY: NA — Not Applicable NC — Not Calculable NE — Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year

* — Other than a quarterly multiple resulting from a fiscal year change.

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA

• Special report:
Eye care products

PHARMACY

Ads, counseling boost sales of extended wear lens aids

New York—Despite longer wearing times, extended wear lenses still require periodic immersion in lens care solutions.

Retailers say they merchandise extended wear lens solutions by using point-of-sale ads and patient counseling to remind lens users that they need to treat their lenses just as carefully as if they were products they washed each day.

Although extended wear lenses remain on the eyes for as long as 30 days and nights, they still require cleaning and disinfecting with the same systems that are designed for daily contact lenses—either with heat or chemical solutions.

Many retailers prompt sales by reminding their customers that the buildup of surface deposits on extended wear lenses can be prevented by using a sterile saline solution mornings and evenings as an eyewash.

They also point out to shoppers that protein and other deposits from eye fluids build up on these lenses just as they do on contact lenses worn daily.

To prevent these deposits from accumulating and perhaps irritating the eye, retailers suggest that shoppers remove their lens periodically and wipe them with a surface cleaner or that they immerse them in a solution prepared with enzymatic cleaning tablets.

To relieve eye irritation, retailers instruct shoppers to apply a drop of lens lubricant or a sterile saline solution to the affected eye.

They also advise that the lens should be slid off the cornea onto the white of the eye for a few seconds. If irritation persists, the lens should be removed and examined for nicks, tears or punctures.

If there are no defects in the lens, wearers should rinse the lens in a sterile saline solution and then place it back over the eye.

If that doesn't solve the problem then it's time for the patient to consult his or her doctor.

Purchasers of contact lens solutions are typically upscale young white women.

Profile of a typical contact lens wearer

- 91% of all lens wearers are white
- 34% of all lens wearers live in the north central region of the United States.
- 28% of all lens wearers live in the South
- 20% of all lens wearers live in the Northeast
- 18% of all lens wearers live in the West
- 63% of all lens wearers are women
- 60% of all soft lens wearers are between 18 and 34 years of age.
- 50% of all lens wearers attended college.
- 50% of all lens wearers earn over $25,000 per year, and 18% earn $30,000 or more.

Source: *Drug Store News* survey

Leading eye care products by unit movement

1. **Visine** 0.5 oz., Leeming/Pacquin
2. **Saline solution** 8 oz., Bausch & Lomb
3. **Soflens tabs** 24s, Allergan
4. **Saline solution** 12 oz., Bausch & Lomb
5. **Hydrocare cleaning/disinfecting solution** 8 oz., Allergan
6. **Hydrocare saline solution** 8 oz., Allergan
7. **Wetting solution** 2 oz., Barnes-Hind
8. **Cleaning/disinfecting solution** 8 oz., Allergan
9. **Unisol 4 solution** 4 oz., Cooper Vision
10. **Flexcare Solution** 12 oz., Alcon
11. **Boil 'n Soak** 12 oz., Alcon
12. **Soaclens** 4 oz., Alcon
13. **Preflex** 1.5 oz., Alcon
14. **Daily cleaner** 1.5 oz., Bausch & Lomb
15. **Liquifilm wetting solution** 2 oz., Allergan
16. **Collyrium** 1.5 oz., Wyeth

Source: *Drug Store News* survey

Lens care products: % change in unit sales, 1983 vs. 1982

Product	% change
Total	+12%
Soft lens solutions	+21
Prepared salines	+32
Chemical disinfectants	+ 6
Daily cleaners	+16
Weekly cleaners	+15
Lubricants	+23
Hard lens solutions	−11
Soaking solution	−28
Saline/cleaner combos	−16
Conditioners	−27
Wetting solutions	− 7
Cleaning solution	−14
All purpose solution	−15

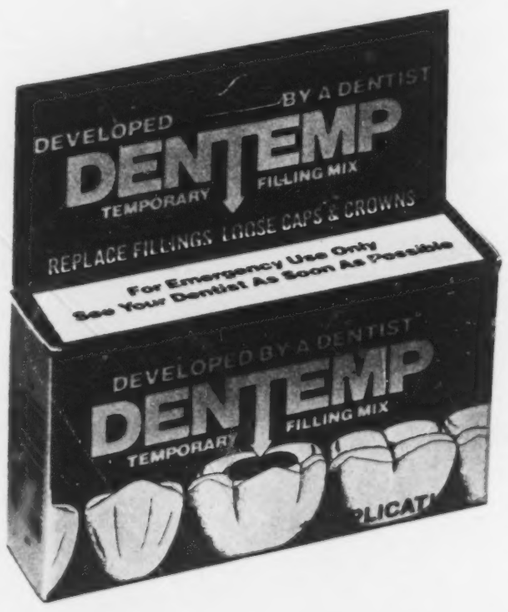
Source: Pipeline Research Inc.

Eye care merchandising

- Promote eye care products regularly, at least three times each month. Most chains feature two or more lens care systems in weekly newspaper and circular ads.
- Group products together by system—Bausch-Lomb, Allergan, Alcon/bp, Barnes Hind, Cooper Vision, Blairex, etc. This allows consumers to recognize the system initially recommended by their optometrist. Group other eye care products such as decongestants, washes, artificial tears and ointments by class.
- Don't stint on stock; eye care is among the highest contributors to sales per square foot. Contact lens solutions average $600 per square foot when merchandise in an 8-ft. section.
- Stock 85-90 sku's in a 6-ft. or an 8-ft. section. Large drug stores feature eye care in sections up to 40 linear feet. Bantam stores utilize sections of 20 to 24 linear feet.
- Price competitively. Although discounting exists it hasn't destroyed margins.

Eye care products are often featured in newspaper or circular ads at competitive price levels. These programs, a result of advertising co-op money available from manufacturers, make consumers aware of price and place availability for a variety of products.

If you have ever lost a filling or had a loose cap or crown, and couldn't get to your dentist immediately, even you might have suffered!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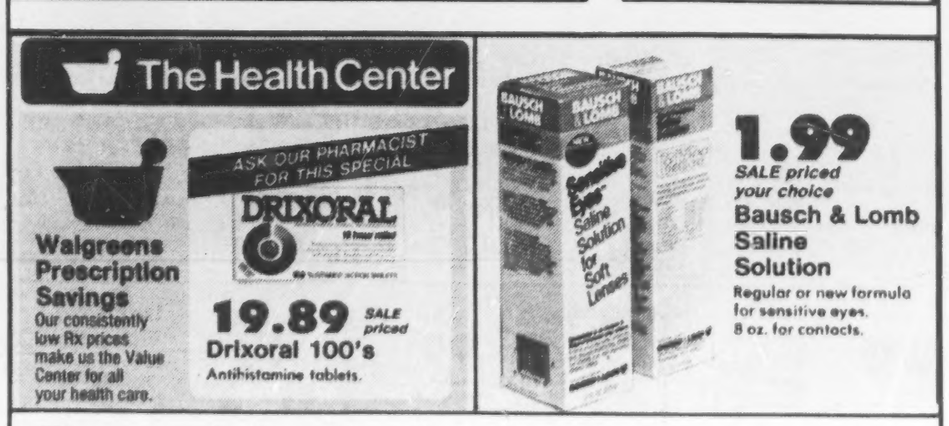
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Rite Aid scanners to eliminate item pricing

Continued from page 1
puterized scanning systems will probably pay for themselves in a little more than a year.

"We're pretty sure of our numbers. We researched this project for two years before we went into test and we're familiar with what the supermarkets have accomplished."

Ruble estimates that Rite Aid will be spending approximately $20,000 per store to put the new system in during the first phase of the rollout. "We won't be doing all our stores at once, obviously, and the way prices are coming down, it may cost us just $15,000 or even $10,000 for the system by the time that we finish."

Other drug chains have begun testing scanning, particularly within the last six months, but Rite Aid's approach to its new system seems to be unique.

Management has not elected to go with the traditional electronic cash registers that so many drug chains use for scanning. Instead they have opted to install microcomputers in their stores, at least one and possibly as many as three, and these computers will be used to drive the scanners.

This means that Rite Aid will not only be able to read the prices as items are passed in front of the scanner, but they will also be able to use the intelligence of their standalone computers to look up prices, to capture and sort movement data and to capture and sort administrative and payroll information.

Still to be determined is whether there will be one main computer that will handle both the pharmacy and the front end simultaneously with a second computer serving as back up or whether one computer will run the pharmacy, another the front end while still a third acts as back up.

"We're at the point of refining our options," says Ruble.

At any rate, the software system that Rite Aid is developing will operate on NCR's new 2126, machines that have been designed to meet the needs of low to moderate per store volume industries.

"The systems that supermarkets use are primarily for higher-volume stores" says Ruble, "and as a result, they are cost-prohibitive for us. Our system is comparable, but it works a little slower and it has to remember less information."

Rite Aid had been testing several varieties of scanners including the slot scanners so familiar in supermarkets, scanner guns and laser optics.

"We feel now," says Ruble, "that we're going to be using a combination of the gun and the slot scanners. The laser optics just didn't work for us. It wasn't that they misread the UPC code. It was that they couldn't read it."

Highlights

Currently Ruble estimates that approximately 85% of all the products in a Rite Aid store are UPC coded. That includes private label items, which are coded at the warehouse. By the time the system is rolled out chainwide, he thinks the percentages will be in the low to mid-90's. Already most high-velocity items are coded, he says. For the remaining items that are not coded, the chain plans to ring them up in the usual way.

In addition to pricing savings, scanners also help supermarkets realize a significant bottom line savings through increases in front end productivity, or through-put. However, because the average drug store transaction is so much smaller than a supermarket, Rite Aid doesn't feel as if it will enjoy the same advantages.

"In fact," says Ruble, "we worry about whether our through-put mightn't slow down a little."

As the configuration now stands, Ruble estimates that Rite Aid's complete computer scanner package may include the following: four scanners at the POS, a CPU in the pharmacy, a CPU in the manager's office and perhaps one more micro at some strategic point in the store.

'83 stocks show split personality

Continued from page 3
recovering from low profit margins in past years. Their recovery was magnified in the increase in their stock prices.

The most volatile performer was Dart, which increased from 31 at the beginning of 1983 to 148 before sinking to 63 at the end of the year.

Much of the midyear interest in Dart was generated by its spinoff of Trak Auto and Crown Books. When interest in the initial public offerings market declined, so did interest in Dart.

Thrifty, which also is involved in Trak and Crown, also benefited as its stock appreciated. But Crown and Trak have a much smaller effect on Thrifty's earnings. Thrifty finished the year 88% higher than its price at the beginning of the year.

The big question is whether 1984 will be more like the first half of 1983 or the second half of 1983. A lot may depend on interest rates. Since current stock prices reflect future earnings, a return to high inflation after the presidential election could send the stock market plummeting. However, increasing corporate profits as the recovery continues may send stock prices even higher.

Dan Barry, an analyst with Kidder Peabody, said the drug stocks are going through a period of consolidation that may continue through the first half of the year. Then he sees the stocks rising in the second half of the year as profits increase.

Bill Block, an analyst with Rosenkrantz and Ehrenkrantz, said he expects the drug chains to continue to post good earnings through 1984. "There will be some widening of the multiple," he said.

Those projections sound a lot like a repeat of the first half of 1983.

Genovese leads drug stocks

Company	Exchange	Price 12/31/83	% change
Adams	N.Y.	16⅝	77
American Str.	N.Y.	39⅝	83
Begley	OTC	17	66
Big B	OTC	13	104
Dart	OTC	63	51
Eckerd	N.Y.	27¾	13
Fays	N.Y.	13¼	110
Genovese	American	17⅜	200
Hook	OTC	29¾	86
Longs	N.Y.	48⅝	36
Pay Less	N.Y.	18⅛	27
Pay 'n Save	OTC	25⅛	94
Peoples	N.Y.	25½	34
Perry	N.Y.	16⅛	87
Revco	N.Y.	34⅝	28
Rite Aid	N.Y.	44½	44
Thrifty	N.Y.	17½	88
Walgreen	N.Y.	38¼	36

Source: *Drug Store News* research

Economy to spur construction

Continued from page 2
nance, has also seen an increase in activity among local developers. "The developers are getting back into the market," Jones said. He added that there has been a noticeable increase in strip shopping center construction in particular.

"When the rates went sky-high a few years back, developers were willing to build but the rent rates were just too high," Jones said. He noted that leasing rates have come down somewhat and at the same time the upturn in the economy has prompted some retailers to spend more for the sites than they were willing to in 1982 or 1983.

Background outlined

"We opened up 10 stores this past year and this year we're looking at opening 15," Jones said. "The economy is better and locations are available." But Jones said that new store construction is still a far cry from 1978 or 1979 when developers had an overabundance of sites from which to select.

Of the 15 new drug stores and two combination stores that Big B will open this year, two-thirds of them will be in strip shopping centers.

A spokesman for Revco, headquartered in Twinsburg, Ohio, said that the chain plans to open approximately 120 new stores in 1984, which represents a 10% to 15% increase over stores opened in 1983. An additional 20 existing stores will be either relocated or expanded.

However, the spokesman added that the continued availability of new store sites will hinge heavily on reasonable long-term financing rates.

At Jack Eckerd Corp., based in Clearwater, Fla., the company said that it will open at least as many new drug stores as it did in fiscal year 1983. Eckerd opened 81 new stores last year.

But the stronger economy may well be accelerating Eckerd's planned store openings. During the time marked by the end of its fiscal year July 29 and the end of calendar year 1983, Eckerd put 52 new stores online. During that same period in 1982, Eckerd opened 24 new stores.

The Deerfield, Ill.-based Walgreens also plans to open more stores this year than it did in 1983. The chain will add 80 stores in 1984. In 1983, it opened 67.

A spokesman for Walgreens said there is a "start of an upturn in the building of shopping centers," particularly in the Texas and Florida markets. The spokesman added that Walgreens will be able to plan more stores in shopping centers this year instead of opening free-standing units as it has done during the past few years.

Perry Drugs, headquartered in Pontiac, Mich., will respond to the economic expansion this year by opening a total of 40 new drug, auto/drug combo, auto parts and deep-discount drug stores. A spokesman for the chain said that no less than 15 of the new stores will be drug stores.

Different strategy

By contrast, Perry opened 19 new stores last year. They included five drug stores, two auto/drug combo stores, 10 Auto Works stores and two A.L. Price deep-discount units.

In addition to new strip center construction, a number of existing centers are being expanded. There also has been a marked increase in the number of off-price shopping centers. Many industry observers believe that the growth of off-price retailing will lead to a doubling of these types of centers this year.

Some drug chains have expressed interest in these types of centers. However, most retailers agree with David Panasci, vp of real estate at Fay's Drug Stores in New York, who says that while there "seems to be more interest" in off-price shopping centers, chains are still more inclined to consider the "location and tenant mix" before anything else. Panasci said that Fay's is operating one drug store in an off-price center and that it has been very successful thus far. In 1984, Fay's will open 19 stores, compared to nine stores in 1983, Panasci said.

Video shopping tests in California

Continued from page 3
screen.

At present, consumers can choose from some 125 items, but this number will increase to 350 starting February 1984. McKesson currently warehouses 35 of the items, but this inventory will also increase.

Nine of the 11 stores ship direct to the consumer's home; two (Shaw's and Bon Appetit) are shipped from McKesson's warehouse to the consumer. Eventually, more items will be shipped from McKesson's warehouse.

Retailers and other locations receive $100 per month or 5% of the gross sales—whichever is most—during the one-year trial period.

How does the terminal work?

When a customer approaches within 3 ft., a sonar detector triggers a 30-second "welcome" audiovisual message, explaining the video shopper.

The screen then asks, "Are you interested in hearing more?" If so, the customer enters a credit card (Master Charge, Visa or American Express) in a slot and touches a visual block 1½-in. square.

Inserting the credit card does not obligate the customer in any way. Its aim is to separate adults desiring information from children playing with the terminal.

The second audiovisual sequence provides such information as customer service, guarantees, delivery, names of vendors.

The system is interactive: Customers can get computer-generated answers to their questions. A computerized order-processing system, developed and operated by CompuFill, keeps track of all transactions, validates credit-card purchases and transmits orders to participating merchants.

Jim Belka, secretary-treasurer at Martinez, Calif.-based Valco Drug, said it was "a little premature" to evaluate the new shopping device. "The public is not totally ready to accept the concept," he said. "It would work better in an airline terminal or shopping mall, where people have more time to browse."

Although Valco is testing one terminal at present, Belka says there will be three or four additional installations in 1984.

Belka also notes that "people are hesitant about putting a credit card into a slot just to look at products. A typical response is, 'Oh, oh, I've signed up for something.'"

Chuck Mortensen, partner in Encina Drug in Walnut Creek said, after one week: "The concept is good. It should provide added sales. All items are guaranteed and customers are given full credit on returns."

But "returns" is one of the risks retailers will have to take, Mortensen believes. "As a convenience, the customer has the option of having the item shipped to his home or picking it up at the store where he ordered it. The retailer is not responsible for making good on complaints. But the situation is comparable to photo developing. If the photo developer messes up, the customer's concern is with us. So whether we like it or not, the retailer becomes a third party."

Mortensen believes sales will increase as more items are added. "Right now most are specialty items, with an average price of $35-$40. Things like flowers-by-wire, gourmet cookware, chocolate specialties [such as a chocolate shaped in the form of a life-sized woman's leg with garter for $75]."

Mortensen believes some items are too specialized and therefore have less sales potential. "For example, a ratchet-type torque wrench set which the average mechanic won't buy. What we need are small tools such as electric drills, and more durable goods. As for clothing, outdoor jackets in small, medium and large sizes are O.K., but clothing that needs fitting is not."

Mortensen conjectures that there may be other applications for ByVideo. "It could evolve into a Ticketron-type terminal or sell airplane tickets for short hauls. It is very flexible because the matrix printer prints by dot, and it will therefore print anything the computer hands it."

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